

# SENATE BILL REPORT

## SB 6480

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As of January 29, 2018

**Title:** An act relating to local government infrastructure needs.

**Brief Description:** Concerning local government infrastructure.

**Sponsors:** Senators Mullet, Angel and Braun; by request of State Treasurer.

**Brief History:**

**Committee Activity:** Financial Institutions & Insurance: 1/25/18.

**Brief Summary of Bill**

- Establishes the Lend Washington Initiative to standardize access to state programs for local government infrastructure funding and provide financing opportunities.
- Creates the eight member Lend Washington Board to establish standards for loans and provide financial expertise to assist local governments in financing infrastructure projects.
- Adds the Office of the State Treasurer (OST) as a member of the Public Works Board (PWB).

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Staff:** Jeff Olsen (786-7428)

**Background:** The PWB makes low-interest or interest-free loans to finance the acquisition, construction, repair, replacement, or improvement of local public works projects including bridges, roads, water systems, storm and sanitary sewage systems, and solid waste facilities. The PWB is staffed by the Department of Commerce (Commerce) and includes 13 voting members: two elected officials and one public works manager representing cities; two elected officials and one public works manager representing counties; three members representing public utility and water-sewer districts; and four members representing the general public.

The OST manages state funds, invests the state's operating cash, issues and manages the state's debt, and issues financial reports for the current two-year state budget period.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Infrastructure and Public Depository Task Force (Task Force) was created in the 2017-19 Omnibus Appropriations Act to examine the scope of financial needs for local governments for constructing public infrastructure and the feasibility of creating a publicly-owned depository. The Task Force identified short-term steps for improving local infrastructure financing and long-term steps for establishing a public depository institution for infrastructure funding. The short-term proposal includes revitalizing the Public Works Trust Program and adding the OST to the PWB. The short-term proposal also includes direction to increase local infrastructure financing and safeguard it for the future, and to review with local government stakeholders the need for additional infrastructure lending options including the types of infrastructure they can finance with state assistance.

**Summary of Bill:** The Lend Washington Initiative is established to standardize access to state programs for local government infrastructure funding and provide financing opportunities. The Lend Washington Finance Board (LWFB) is established consisting of the following eight members; the OST, the Office of Financial Management, the Department of Ecology, the Department of Health, Commerce, the state auditor, and two local government appointees. LWFB members must provide technical assistance and expertise regarding programs that assist local governments in financing infrastructure projects. Local government appointees shall serve two year terms, and the LWFB must meet at least twice per year. The OST will provide staff support to the LWFB.

The LWFB must establish by rule or resolution standards and requirements for loans and other financings of local government infrastructure through current programs offered to serve the needs of local governments. The LWFB must also provide access to finance experts and charge appropriate fees for services provided. The LWFB must make financing recommendations and provide technical assistance regarding financing matters. LWFB members may not participate in any decision in which the LWFB member has any direct or indirect interest.

The OST must develop a plan to standardize the process for accessing state assistance by political subdivisions. The plan must include:

- a list of state programs that provide financial assistance to political subdivisions for infrastructure projects;
- criteria for qualifying for particular programs;
- creation of a process for receiving requests and referring an applicant to a program; and
- creation of a database to track program information and effectiveness.

The LWFB is responsible for adopting the plan or providing direction to the OST to modify the plan.

The Lend Washington Program Account is created as non-appropriated account in the custody of the OST.

The OST is added as the fourteenth member of the PWB.

**Appropriation:** None.

**Fiscal Note:** Requested on January 18, 2018.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The bill includes improvements to make it easier to navigate local government infrastructure assistance and provide a central point of contact. The proposal comes out of recommendations included in the Infrastructure and Public Depository Task Force Report. There is support for the concepts in the bill to streamline projects and to protect funds from being swept and look forward to continue working on refining the bill.

OTHER: State agencies have been meeting to discuss the intent of the bill and clarify language. There is support for adding the state treasurer to the PWB and the intent of the bill, however, there is concern about creating a new board and clarifying language regarding how the bill would work with existing rules and standards.

**Persons Testifying:** PRO: Senator Mark Mullet, Prime Sponsor; Troy Nichols, Community Bankers of Washington; Shawn Myers, Assistant Treasurer, Office of State Treasurer.

OTHER: Kristin Bettridge, Department of Health; Jeff Nejedly, Department of Ecology; Cecilia Gardener, Public Works Board.

**Persons Signed In To Testify But Not Testifying:** No one.